

## Bay Area real estate: Busiest summer since downturn

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The Bay Area's summer real estate market is shaping up as the busiest in years.

Coming off a hot June, July sales for the nine-county region reached a 10-year high for that month, as deals were cut for 6,765 single-family homes.

"In terms of the activity level, it's the strongest summer market we've seen since the housing bust," said Andrew LePage, research analyst for CoreLogic, the real estate information service that crunched the numbers.

Among the leaders in the sales flurry were Contra Costa County with a 15.1 percent jump over July 2014, Alameda County with a 13.7 percent year-over-year leap, and Santa Clara County with an 8.6 percent increase. For the two East Bay counties, the July sales were the busiest since 2005, while Santa Clara sales represented a six-year high.

Agents suggested that the brisk business reflected the scrambling of homeowners to lock in deals before the school year begins -- and perhaps more important, before mortgage rates climb, as Federal Reserve Chair Janet Yellen has suggested they will later this year. More affordable inland areas, including in Contra Costa, Napa and Solano counties, showed the sharpest sales gains.

LePage added historical perspective, pointing out that Bay Area sales "had been below average for years, and now we're finally getting back to normal." Last month's sales of existing single-family homes were 2.4 percent above "the long-term average for all Julys going back to 1988," when CoreLogic began collecting its data, he said.

Sales fell 7.9 percent year-over-year in San Mateo County, where there typically are fewer transactions. But with that drop in sales volume came a new peak for median prices there: a whopping \$1,225,000.

Elsewhere in Silicon Valley and the East Bay, however, median prices fell just enough to make some agents and buyers wonder if a seasonal cooling was on hand.

When prices were spiking everywhere in April, Bach Tran, a software engineer, listed his 1,700-square-foot Sunnyvale fixer-upper for \$780,000 and sold it for \$935,000, a price that was "way beyond even our top estimate." This week, he and his co-investor are preparing to close on their purchase of a 1,300-square-foot home in San Jose for \$516,800, about \$6,000 below the asking price.

Having benefited from the spring heat and the summer chill, he said, "I'm a happy customer."

"Things are cooling down a little," said Palo Alto-based Sereno agent Alex Wang, who handled both those deals. He observed that more buyers are biding their time and properties are "trending toward longer days on market. If it's the right house in the right place and it's priced really attractively, you're still going to get multiple offers, but not as many as we were seeing in the spring. But this could be seasonal and we'll also probably see a slight uptick in the fall."

Prices can still inflict sticker shock in Santa Clara County, though the July median of \$915,000 was down from the June peak of \$946,500.

The Alameda County median was \$706,000, down from \$716,500 the previous month, though still

hovering near the May peak of \$724,000. Contra Costa County's median was \$500,000, down from \$512,000 in June -- and still chasing its May 2007 peak of \$654,000.

Craig Gorman, president of the Santa Clara County Association of Realtors, said sales are good despite the ever-tight supply of inventory. Like Wang, he has noticed a de-escalation of bidding wars: a house that might have drawn 10 or 20 offers in the spring now will attract three or four.

"But depending on where the homes are," he said, "I'm still hearing numbers that are astronomical. Starting in Cupertino and heading north, to get something for \$150,000 to \$200,000 over (the asking price) is almost common. And these are on homes that are \$900,000 or \$1 million."

On the lower end, he mentioned a Victorian in downtown San Jose that recently sold for \$575,000.

Deals can be found if one just looks hard enough, said agent Jennifer Branchini, past president of the East Bay Association of Realtors. This summer she has helped some buyers to "negotiate below asking price, which is actually kind of fun for a change."

Her explanation for the change: "You've got sellers that are overzealous and thinking they can price their house way above, because, hey, some other house sold for some high amount, so why shouldn't theirs sell for even higher? And by the end of the day, the consumer, the buyer, is saying, 'No! You're already at the top of the market,' so you're seeing those prices come down a little bit."

Tracy and Heather Halter, Branchini's clients, found a deal.

Their hunt began July 1 when the Halters, who work in tech and were then renting in Pleasanton, learned that their landlord was selling the property. They were given 60 days to vacate.

Frantically, Tracy recounted, they looked at 12 or 15 homes, bidding on "at least three, maybe four properties, and we came in second on all of them." But with two young children and the opening of school approaching, he and Heather kept looking. They found a three-bedroom, two-bath house in Pleasanton near neighborhood schools and the park where their 8-year-old son would have soccer practice.

It listed for \$945,000. They bid \$948,000.

"And no, we didn't have a bidding war on this house," Tracy said. "We came in at a great price, and they said, 'OK.' Some things are meant to be."

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